

**MINUTES
BOARD OF TRUSTEES OF THE
INDIANA STATE TEACHERS' RETIREMENT FUND
150 West Market Street, Suite 300
Indianapolis, Indiana 46204**

November 18, 2008

Executive Session; 10:00 a.m. to 10:30 a.m.

Dave Adams stated that no action was taken in the Executive Session.

Regular Board Meeting

Board Members Present

Dave Adams, President
Don Bennett, Vice President
Ryan Kitchell, Trustee
Greg Hahn, Trustee
Steve Overmyer, Trustee
Cari Whicker, Secretary

Board Members Absent

None

Others Present

Ken Brunke, Callan Sr. VP and Sr. Consultant
Kevin Dolsen, Callan Sr. VP and Manager.

TRF Staff Present

Steve Russo, Executive Director
Eric Wright, General Counsel
Tim Walsh, Chief Investment Officer
Julia Pogue, Chief Financial Officer
Erin Hankins, Executive Assistant
Bethaney Matlock, Legal Administrator
Molly Deuberry, Director of Outreach and Communications
Steffanie Rhinesmith, Investment Officer
Bryan Martin, Investment Consultant

Meeting called to order at 10:30 a.m. by President Adams.

I. Election of Board Officers

The board nominated and elected Dave Adams as President of the Board of Trustees of the Indiana State Teachers' Retirement Fund.

MOTION duly made and carried to approve Dave Adams as President of the Board of Trustees of the Indiana State Teachers' Retirement Fund.

Proposed by: Don Bennett
Seconded by: Ryan Kitchell
Votes: 6 in favor, 0 opposed, 0 abstentions

The board nominated and elected Don Bennett as Vice President of the Board of Trustees of the Indiana State Teachers' Retirement Fund.

MOTION duly made and carried to approve Don Bennett as Vice President of the Board of Trustees of the Indiana State Teachers' Retirement Fund.

Proposed by: Ryan Kitchell
Seconded by: Greg Hahn
Votes: 6 in favor, 0 opposed, 0 abstentions

The board nominated and elected Cari Whicker as Secretary of the Board of Trustees of the Indiana State Teachers' Retirement Fund.

MOTION duly made and carried to approve Cari Whicker as Secretary of the Board of Trustees of the Indiana State Teachers' Retirement Fund.

Proposed by: Ryan Kitchell
Seconded by: Don Bennett
Votes: 6 in favor, 0 opposed, 0 abstentions

II. Approval of Minutes

MOTION duly made and carried to approve the minutes from August 26, 2008 Board of Trustees meeting.

Proposed by: Ryan Kitchell
Seconded by: Steve Overmyer
Votes: 6 in favor, 0 opposed, 0 abstentions

III. Old Business None

IV. New Business

- **Legal Matters, Financial Update, Investments, and Director's Report**

Legal Matters

Eric Wright presented the facts of the member appeal to the board and recommended that the board ratify the staff's action of paying the member's designated beneficiary the amount in his annuity savings account.

MOTION duly made and carried to approve paying the member's designated beneficiary the amount in his annuity savings account.

Proposed by: Greg Hahn
Seconded by: Cari Whicker
Votes: 6 in favor, 0 opposed, 0 abstention

Administrative Code Adoption

MOTION duly made and carried to approve the Administrative Code Adoption, Resolution No. 2008-11-01.

Proposed by: Don Bennett
Seconded by: Cari Whicker
Votes: 6 in favor, 0 opposed, 0 abstentions

Financial Update

Julia Pogue presented the Financial Update to the board. Ms. Pogue discussed the financial highlights for August 2008 and October 2008. Ms. Pogue recommended a reclassification \$15.5M of budget expenses between investment income and investment fees for FY09 and also include as a budgetary expense item.

MOTION duly made and carried to approve a reclassification \$15.5M of budget expenses between investment income and investment fees for FY09 and also include as a budgetary expense item.

Proposed by: Ryan Kitchell
Seconded by: Don Bennett
Votes: 6 in favor, 0 opposed, 0 abstentions

Investments Update

A. Investments Performance Update

Tim Walsh presented the performance update to the board. Mr. Walsh reviewed the current manager watch list with the Board and recommended placing additional managers on the watch list. Mr. Walsh also recommended

the termination of Franklin Portfolio Advisors, NorthPointe Capital, PanAgora, Clarivest, and Alliance Bernstein.

MOTION duly made and carried to approve placing additional managers on the watch list and terminating the 5 above referenced managers.

<i>Proposed by:</i>	<i>Greg Hahn</i>
<i>Seconded by:</i>	<i>Ryan Kitchell</i>
<i>Votes:</i>	<i>6 in favor, 0 opposed, 0 abstention</i>

B. ASA Underlying Fund Structure

Mr. Walsh presented the ASA Fund structure to the board. Mr. Walsh recommended hiring Rhumblin to manage the Small Cap Equity Fund, State Street to manage the Bond Fund, and changing State Street's mandate in the International Fund to a passive MSCI EAFE Index Fund.

MOTION duly made and carried to approve hiring Rhumblin to manage the Small Cap Equity Fund, State Street to manage the Bond Fund, and changing State Street's mandate in the International Fund to a passive MSCI EAFE Index Fund.

<i>Proposed by:</i>	<i>Ryan Kitchell</i>
<i>Seconded by:</i>	<i>Greg Hahn</i>
<i>Votes:</i>	<i>6 in favor, 0 opposed, 0 abstention</i>

C. Risk Management Recommendation

Mr. Walsh discussed securities lending and entertained questions from the board. Mr. Walsh recommended that active investment managers be limited to managing 10% of total TRF assets with a maximum of 12.5%, limiting passive index managers to managing 15% of total TRF assets with a maximum of 17.5%, and changing IPS to reflect this recommendation.

MOTION duly made and carried to approve that active investment managers be limited to managing 10% +/- 2.5% of total TRF assets and passive index managers be limited to managing 15% +/- 2.5% of total TRF assets, and changing IPS to reflect this recommendation.

<i>Proposed by:</i>	<i>Ryan Kitchell</i>
<i>Seconded by:</i>	<i>Cari Whicker</i>
<i>Votes:</i>	<i>6 in favor, 0 opposed, 0 abstention</i>

D. Fixed Income Manager Selections

Mr. Walsh presented the Fixed Income Manager selections to the board. Mr. Walsh recommended hiring Barclays Global Investors to manage \$90M for a

passive hedged international fixed income mandate, Mondrian Investment Partners Limited to manage \$50M for an actively managed un-hedged international fixed income mandate, and PIMCO to manage \$10M for an emerging market fixed income mandate.

MOTION duly made and carried to approve hiring Barclays Global Investors to manage \$90M for a passive hedged international fixed income mandate, Mondrian Investment Partners Limited to manage \$50M for an actively managed un-hedged international fixed income mandate, and PIMCO to manage \$10M for an emerging market fixed income mandate.

<i>Proposed by:</i>	<i>Don Bennett</i>
<i>Seconded by:</i>	<i>Ryan Kitchell</i>
<i>Votes:</i>	<i>6 in favor, 0 opposed, 0 abstention</i>

E. TIPS

Mr. Walsh gave a brief overview of TIPS and recommended hiring State Street Global Advisors to manage \$100M global TIPS allocation.

MOTION duly made and carried to approve hiring State Street Global Advisors to manage \$100M global TIPS allocation.

<i>Proposed by:</i>	<i>Ryan Kitchell</i>
<i>Seconded by:</i>	<i>Steve Overmyer</i>
<i>Votes:</i>	<i>6 in favor, 0 opposed, 0 abstention</i>

F. Commodities Manager Selection

Mr. Walsh discussed commodities implementation with the board and recommended that TRF commit up to .5% to Goldman Sachs for the management of a passive portfolio focused on the SP-GSCI commodity index, pending final due diligence and document review by legal counsel.

MOTION duly made and carried to approve that TRF commit up to .5% to Goldman Sachs for the management of a passive portfolio focused on the SP-GSCI commodity index, pending final due diligence and document review by legal counsel.

<i>Proposed by:</i>	<i>Ryan Kitchell</i>
<i>Seconded by:</i>	<i>Cari Whicker</i>
<i>Votes:</i>	<i>6 in favor, 0 opposed, 0 abstention</i>

G. Private Equity- IFF II

Mr. Walsh discussed private equity with the board and recommended that TRF commit up to \$20M to INext, pending final document review by legal counsel.

MOTION duly made and carried to approve that TRF commit up to \$20M to INext, pending final document review by legal counsel.

<i>Proposed by:</i>	<i>Cari Whicker</i>
<i>Seconded by:</i>	<i>Ryan Kitchell</i>
<i>Votes:</i>	<i>6 in favor, 0 opposed, 0 abstention</i>

H. Real Estate Consultant Selection

Mr. Walsh gave a brief description of RV Kuhns and recommended that TRF hire RV Kuhns as the primary real estate consultant.

MOTION duly made and carried to approve that TRF hire RV Kuhns as the primary real estate consultant.

<i>Proposed by:</i>	<i>Dave Adams</i>
<i>Seconded by:</i>	<i>Don Bennett</i>
<i>Votes:</i>	<i>6 in favor, 0 opposed, 0 abstention</i>

Mr. Walsh thanked Steffanie Rhinesmith, Sr. Investment Officer for her service to the Indiana State Teachers' Retirement Fund and wished her well in her future endeavors.

Executive Director's Report

Mr. Russo discussed recent member communications and TRF's letter to members in response to potential concerns about their investments and benefits due to the recent market fluctuations. Mr. Russo provided an overview of the agenda items that were covered by the Pension Management Oversight Commission during its 2008 meetings, and discussed the federal public pension regulatory/ legislative watch list with the board.

V. Date of Next Meeting

December 16, 2008 at 10:00 a.m.

VI. Adjournment

Adjourned at 2:02 p.m.